

1                   THE COURT: All right.

2                   MS. HUGHEY: Hello, Your Honor. May it  
3 please the Court. Lawson moves for judgment as a  
4 matter of law on the issue of invalidity because a  
5 reasonable jury does not have a reasonable evidentiary  
6 basis to find for ePlus on the issue.

7                   At trial documents demonstrated and witnesses  
8 testified --

9                   THE COURT: Now, there are three grounds of  
10 invalidity. One is anticipation.

11                  MS. HUGHEY: Correct.

12                  THE COURT: One is obviousness.

13                  MS. HUGHEY: Correct.

14                  THE COURT: And the other is written  
15 description.

16                  MS. HUGHEY: No, Your Honor, Lawson is not  
17 asserting written description.

18                  THE COURT: That was there at one time.

19                  MS. HUGHEY: Correct.

20                  THE COURT: That's no longer there. So I  
21 don't need to deal with that one.

22                  MS. HUGHEY: Correct.

23                  THE COURT: So you have anticipation and  
24 obviousness.

25                  MS. HUGHEY: Correct, Your Honor. At trial

1 the documents demonstrated and the witnesses testified  
2 regarding the features and functionality of the prior  
3 art RIMS system disclosed in the '989 patent.

4 THE COURT: Let's take the anticipation.

5 What is it that anticipates?

6 MS. HUGHEY: The RIMS system alone  
7 anticipates every single claim of the patents-in-suit.

8 THE COURT: All right.

9 MS. HUGHEY: In combination, the RIMS system  
10 and the TV/2 product render every single one of the  
11 claims of the patents-in-suit obvious.

12 Dr. Shamos went through every single claim  
13 and explained both the anticipation and obviousness  
14 analysis. The evidence at trial further demonstrated  
15 that both systems are prior art.

16 The combination of RIMS plus TV/2 renders  
17 every single asserted claim of the patents-in-suit  
18 obvious. The preferred embodiment disclosed in the  
19 patents is the combination of RIMS plus TV/2 and the  
20 Court's construction is consistent with that.

21 The TV/2 literature specifically says to  
22 combine TV/2 with the parts ordering system and  
23 inventory management system. The RIMS system  
24 disclosed in the '989 patent was a part ordering and  
25 inventory management system.

1           The patents-in-suit do no more than combine  
2 the RIMS system with TV/2. This is an obvious  
3 combination that renders the claims invalid.

4           In addition, there are no secondary  
5 considerations of non-obviousness.

6           THE COURT: There aren't any?

7           MS. HUGHEY: There are not any.

8           THE COURT: I thought we had evidence on it.

9           MS. HUGHEY: I think that ePlus attempted to  
10 provide some evidence about commercial success of its  
11 commercial products, but there's no evidence that the  
12 commercial products are claimed by the  
13 patents-in-suit.

14           THE COURT: Well, Mr. Farber testified that  
15 they were yesterday afternoon, didn't he?

16           MS. HUGHEY: Mr. Farber is not a technical  
17 expert. He said it was his opinion they were covered  
18 by the patents-in-suit, but no evidence has come in  
19 regarding the features and functionality of ePlus'  
20 commercial products.

21           THE COURT: In your evidence, didn't you  
22 introduce evidence that or didn't -- I don't know who.  
23 Let me back away from that.

24           MS. HUGHEY: Yes, Your Honor.

25           THE COURT: There's some brochures about

1 these e -- is it eContent and --

2 MR. ROBERTSON: Content+ and Procure+.

3 THE COURT: They put the patent down there on  
4 the bottom of the thing.

5 MS. HUGHEY: The fact that ePlus marks its  
6 product with a patent does not mean that the product  
7 is actually covered by the patents-in-suit.

8 THE COURT: I know that, but isn't that  
9 evidence that it is?

10 MS. HUGHEY: No, Your Honor, because even if  
11 ePlus' products --

12 THE COURT: Just so I understand, you have to  
13 have a technical expert come in and say the  
14 products -- what are they again? Content+ --

15 MS. HUGHEY: Content+ and Procure+.

16 THE COURT: Procure+ practiced the patent.

17 Don't you have to have an expert come in and say that?

18 MS. HUGHEY: I'm not sure that you need to  
19 have an expert, Your Honor, but you have to have some  
20 disclosure of the functionality because commercial  
21 success requires --

22 THE COURT: How do you prove disclosure of  
23 the functionality? What do you mean by that?

24 MS. HUGHEY: They would have to have some  
25 disclosure about what their product actually is.

1 There's nothing in the record. The fact is for  
2 commercial success to be relevant, it has to be  
3 relevant to the patented features. And because  
4 there's no evidence in the record, we have no idea.  
5 Even if Procure+ and Content+ were covered by the  
6 patents-in-suit, and let me be clear, there's no  
7 evidence on that point, even if that were the case,  
8 there's no evidence that any commercial success was  
9 related to the patented features.

10 Moreover, there's actually no evidence of  
11 commercial success in this case at all. So even if  
12 ePlus' products are covered by the patents.

13 THE COURT: What do you mean by that?

14 MS. HUGHEY: The only evidence that came in  
15 was --

16 THE COURT: When you make statements like  
17 that, you kind of leave me floating around. So it's  
18 okay for you to say that, and then say, Let me explain  
19 why I say that. Because those are fairly conclusory  
20 statements on which to base some kind of motion.

21 MS. HUGHEY: Absolutely, Your Honor.

22 THE COURT: Or judgment as a matter of law.

23 MS. HUGHEY: Absolutely. The evidence that  
24 came in at trial with respect to Content+ and  
25 Procure+, let's call them the ePlus products, was that

1 those divisions were not commercially successful.

2 Those products never made money.

3 I believe that on the stand Dr. Farber may  
4 have said, We won some awards. We had some praise.  
5 But no documents came in suggesting that that was  
6 related to any of the features or functionality  
7 related to the commercial products, let alone that  
8 that was tied back to the claimed features and  
9 functionality of the patents-in-suit.

10 And more importantly, Your Honor, evidence of  
11 commercial success, the secondary considerations,  
12 would only be relevant if there were for some reason  
13 no motivation to combine the prior art references. In  
14 this case what we have is an explicit motivation to  
15 combine the TV/2 system and the RIMS system. For that  
16 reason, these secondary considerations of  
17 non-obviousness don't apply.

18 THE COURT: Well, you were at one point  
19 making the argument in your papers, I think it was at  
20 summary judgment, that you can't count the income that  
21 came to ePlus from the settlements as evidence of  
22 commercial success. Are you still taking that  
23 position?

24 MS. HUGHEY: That's absolutely correct.

25 THE COURT: Aren't those things paid up

1       royalties.

2            MS. HUGHEY: No, Your Honor.

3            THE COURT: Isn't that what Ariba is? It's a  
4        \$37 million paid up royalty. And SAP is what? It's a  
5        \$17.5 million paid up royalty. And the others are  
6        paid up royalties except one of them has a runner of  
7        2.5 after the first \$15 million of sale in a calendar  
8        year?

9            MS. HUGHEY: The facts you just recited are  
10      correct, Your Honor, about the license agreements, but  
11      the fact is commercial success, the question is  
12      whether or not the patented products were commercially  
13      successful. Those license agreements have nothing to  
14      do with ePlus' commercial products. That's the point.

15           THE COURT: You mean you can't consider other  
16      products that are licensed under the patents that are  
17      sold pursuant to a license in considering commercial  
18      success?

19           Suppose, for example, that I'm a company that  
20      doesn't make anything. I just own patent rights. Are  
21      you saying that in considering commercial success in  
22      a challenge to an obviousness issue of one of those  
23      patents that a finder of the fact could not consider  
24      the revenues generated by the license agreements in  
25      determining whether there was commercial success?

1 Because in that instance the patentee would have no  
2 commercial product at all. And you're saying you have  
3 to only consider the commercial product. Is that  
4 really what you want me to do?

5 If I did that, do you think the Federal  
6 Circuit would say, Hmm, not a good decision, fellow?

7 MS. HUGHEY: I'm confident in this case if  
8 you conclude that there was no evidence of commercial  
9 success, that the Federal Circuit would agree with  
10 you.

11 THE COURT: Boy, are you a thrill seeker. Do  
12 you know the extent that the Federal Circuit agrees  
13 with District Courts is about 40 percent? You know,  
14 you don't want to take that one to Las Vegas.

15 Okay. But seriously, why does commercial  
16 success have to be linked only to the products that  
17 ePlus sells?

18 MS. HUGHEY: Well, I think that that's what  
19 ePlus is saying what's commercially successful is its  
20 commercial products.

21 Now, with respect to the license agreement is  
22 separate from ePlus's commercial. So my point is I  
23 think we're going to agree that ePlus' commercial  
24 product was not commercially successful.

25 The second question is, well, can we look at

1 those license agreements and say, well, they were  
2 licensing it. So much like a company that had no  
3 product, they were able to generate license revenue.  
4 That's a different question. And with respect to that  
5 question, certainly in a scenario you gave, you don't  
6 make a product but you go out and you license it, that  
7 might be evidence of -- that might be a secondary  
8 consideration.

9                   In this case, the only evidence we have is  
10 that they sue those companies and that those companies  
11 pay to not be sued anymore. To consider that --

12                  THE COURT: Well, they took licenses.

13                  MS. HUGHEY: They did take licenses to avoid  
14 the litigation. To consider that evidence of  
15 commercial success would be like saying because that  
16 company doesn't want to pay however millions of  
17 dollars for attorneys' fees, therefore you should pay  
18 a million dollars because you're saying that someone  
19 else's decision not to be involved in litigation is  
20 therefore somehow going to apply to a company that  
21 isn't willing to make that payment.

22                  Those license agreements aren't tied to the  
23 commercial products. We can both agree to that.

24                  THE COURT: Not to that commercial product.  
25 They are tied to the commercial products of the

1 licensee.

2 MS. HUGHEY: Yes. So --

3 THE COURT: Which practiced the patents.

4 MS. HUGHEY: Yes, Your Honor.

5 The third question is, Well, could you look  
6 at those licensees and see if they are commercially  
7 successful because they're using your patented  
8 products? But there's no evidence in this case of any  
9 commercial success of SAP, Ariba, or those licensees.  
10 So that evidence doesn't exist.

11 I would agree with you that in theory that  
12 might be relevant that you have licensed someone and  
13 your licensee has gone off and been commercially  
14 successful because all the features and functionality  
15 of your patented technology. That evidence isn't in  
16 that case. That's not the same as in this case.

17 So that's what I'm saying that there is no  
18 evidence of secondary considerations of  
19 non-obviousness in this case.

20 THE COURT: All right.

21 MS. ALBERT: Good morning, Your Honor.

22 THE COURT: Good morning.

23 MS. ALBERT: Not only does ePlus oppose  
24 Lawson's motion, but ePlus' crossclaims for judgment  
25 as a matter of law under Rule 50 that all the asserted

1 claims are valid.

2 Rule 50(a) provides that judgment as a matter  
3 of law may be granted where a reasonable jury would  
4 not have a legally sufficient evidentiary basis to  
5 find for the non-moving party on that issue.

6 Lawson has failed to show that any of the  
7 asserted claims of the patents-in-suit are invalid  
8 under any theory, including anticipation under Section  
9 102, obviousness under Section 103, or written  
10 description under Section 112.

11 THE COURT: Well, that's out of the case, she  
12 said, so you don't need to address that.

13 MS. ALBERT: So I would assume that the Court  
14 would then grant judgment as they plead that theory in  
15 the final pretrial order.

16 THE COURT: Well, it's an affirmative  
17 defense, isn't it? I mean, isn't it a pleaded  
18 affirmative defense?

19 MS. ALBERT: Yes, Your Honor.

20 THE COURT: Okay.

21 MS. ALBERT: Furthermore, although Lawson  
22 pled lack of enablement under Section 112, paragraph  
23 1, they didn't raise that issue in the final pretrial  
24 order. So we would ask for judgment as to that issue  
25 as well.

1           As a preliminary matter, there were several  
2 prior art theories that Lawson had asserted in the  
3 final pretrial order as to which Lawson did not offer  
4 any evidence at all. Specifically, anticipation based  
5 on the King patent. That theory, there was no  
6 evidence presented at trial as to that theory. So  
7 ePlus would ask for judgment as a matter of law with  
8 respect to that contention.

9           Lawson had also pled several theories of  
10 obviousness based upon combinations, and there was no  
11 evidence presented as to obviousness based upon the  
12 combination of the P.O. Writer system and the J-CON  
13 system, the RIMS system plus the Dworkin patent, and  
14 the J-CON system plus the Dworkin patent. So ePlus  
15 would ask for judgment as a matter of law as to those  
16 contentions.

17           In addition, ePlus also moves the Court to  
18 find under Rule 52, or alternatively under Rule 50,  
19 that Lawson has failed to show that any of the claims  
20 constitute unpatentable subject matter under Section  
21 101 or that any claim element is indefinite under  
22 Section 112, paragraph 2.

23           Rule 52(a)(1) provides that in an action  
24 tried on the facts without a jury or with an advisory  
25 jury, the Court must find the facts specially and

1 state its conclusions of law separately. The findings  
2 and conclusions may be stated on the record after the  
3 close of the evidence or may appear in an opinion or  
4 memorandum of decision filed by the Court. Judgment  
5 must be entered under Rule 50(a).

6 Rule 52(c) provides that if a party has been  
7 fully heard on an issue during a nonjury trial and the  
8 Court finds against the party on that issue, the Court  
9 may enter judgment against the party on a claim or  
10 defense that under the controlling law can be  
11 maintained or defeated only with a favorable finding  
12 on that issue. The Court, however, may decline to  
13 render any judgment until the close of the evidence.

14 The key difference between Rules 52 and 50 is  
15 that under Rule 52 the Court need not draw any  
16 inferences in favor of the non-moving party, but can  
17 make findings in accordance with its own view of the  
18 evidence.

19 As the parties agreed in the final pretrial  
20 order, Section 101 and Section 112, paragraph 2,  
21 indefiniteness issues, are not for the jury to decide.  
22 So, therefore, they are issues of law for the Court  
23 and are ripe for decision.

24 THE COURT: Are they issues of law or are  
25 they issues on which the Court must make findings of

1 fact and conclusions of law?

2 MS. ALBERT: Well, Section 101 is definitely  
3 an issue of law. The indefiniteness issues,  
4 indefiniteness is an issue of law, but I believe that  
5 there can be preliminary fact finding made based upon  
6 the understanding of a person of ordinary skill in the  
7 art.

8 THE COURT: Yes, but what is it that's put to  
9 the Court in this instance? 101 is patentability,  
10 right?

11 MS. ALBERT: Correct.

12 THE COURT: 112(2) is indefiniteness, right?

13 MS. ALBERT: Correct.

14 THE COURT: Are you saying both of those are  
15 legal questions?

16 MS. ALBERT: Yes.

17 THE COURT: All right. Go ahead.

18 MS. ALBERT: As far as the issue of  
19 anticipation, I'll address that first. I believe that  
20 in the final pretrial order, Lawson had also pled that  
21 the P.O. Writer manual was a prior art printed  
22 publication under Section 102A and 102B. That was  
23 paragraph 36 in the final pretrial order. And the  
24 defendant had contended in the final pretrial order  
25 that the P.O. Writer system and manual anticipated

1 Claims 3, 26, 28 and 29 of the '683 patent, and Claims  
2 1 and 6 of the '516 patent.

3 However, at the telephonic hearing on ePlus'  
4 motion to enforce prior Court orders held on  
5 December 30, the defendant voluntarily withdrew its  
6 allegations that the P.O. Writer system anticipated  
7 Claims 3, 28 and 29 of the '683 patent.

8 So the only claims that are still at issue, I  
9 guess, would be Claim 26 of the '683 patent and Claims  
10 1 and 6 of the '516 patent.

11 And with respect to those contentions, Lawson  
12 failed to offer any expert opinion on those issues.  
13 And the subject matter of the patents-in-suit  
14 electronic sourcing systems and methods involves an  
15 understanding of database and software that is  
16 sufficiently complex to fall beyond the grasp of an  
17 ordinary lay person.

18 Accordingly, in order to meet its burden of  
19 clear and convincing evidence on invalidity, Lawson  
20 was required to establish the existence of certain  
21 features in this alleged prior art using expert  
22 testimony. And I would cite you again to the case of  
23 *Proveris Scientific Corporation v. Innovasystems*, that  
24 I believe we discussed the other day. That cite is  
25 536 F.3d 1256. And that's a Federal Circuit decision

1 in 2008.

2 THE COURT: What's the first name of that  
3 case?

4 MS. ALBERT: Proveris, P-r-o-v-e-r-i-s.

5 THE COURT: All right.

6 MS. ALBERT: Now, turning to the issue of the  
7 RIMS system. As we heard Ms. Huey, the defendant  
8 contend that some unidentified RIMS system was known  
9 or used by others or on sale more than one year before  
10 the filing date or in public use more than one year  
11 before the filing date within the meaning of Section  
12 102(a) and 102(b).

13 The defendant also contends that the '989  
14 patent is prior art under 35 U.S. Code Section 102(e).  
15 And the defendant contends that, I guess, all of the  
16 claims are fully anticipated based on those theories.

17 No reasonable jury could find that any of the  
18 asserted claims are anticipated by the '989 patent.  
19 Furthermore, Lawson has introduced no evidence that  
20 there was any knowledge or use by others of the RIMS  
21 system as described in the '989 patent or any sales or  
22 public use of the RIMS system as described in the '989  
23 patent more than one year before the filing date of  
24 the patents-in-suit.

25 Lawson failed to establish that a system

1 having all of the functionality disclosed in the '989  
2 patent was actually in public use prior to the  
3 August 10, 1994 filing date of the patents-in-suit.  
4 Moreover, the testimony of the inventors here was to  
5 the effect that the '989 patent, there was never a  
6 system sold by Fisher-Scientific or offered for sale  
7 that performed all of the functions described in the  
8 '989 patent.

9                   Apart from the '989 patent, Lawson offered no  
10 evidence showing any functionality of any actual  
11 commercial RIMS system that existed before August 10  
12 of 1994. Additionally, as to the '989 patent, it's  
13 ePlus' contention that the '989 patent is not prior  
14 art to the patents-in-suit. Lawson concedes that the  
15 only statutory basis for asserting that the '989  
16 patent is prior art is under Section 102(e) of Title  
17 35. And that's in the final pretrial order at  
18 paragraph 21.

19                   THE COURT: What about that now?

20                   MS. ALBERT: That's Lawson's only basis for  
21 contending that the '989 patent --

22                   THE COURT: I don't have the statute in front  
23 of me. I don't have it readily at hand. What's the  
24 text of it? What's the theory?

25                   MS. ALBERT: The theory is that Section

1 102(e) provides that -- there must be -- it applies  
2 to -- I can read it to you. 102(e) provides that a  
3 person shall be entitled to a patent unless the  
4 invention was described in an application for a patent  
5 that was by another filed in the United States before  
6 the invention by the applicant for a patent.

7 So as to the facts here, there is no inventor  
8 of the '989 patent who is not also an inventor on the  
9 three patents-in-suit. In other words, the two named  
10 inventors on the '989 patent, James Johnson and  
11 Douglas Momoyer, were also named inventors on all the  
12 patents-in-suit. Therefore, as a matter of law under  
13 the statute, there is no basis for anticipation based  
14 on a theory under Section 102(e).

15 Furthermore, the RIMS system lacks several  
16 elements of the asserted claims and therefore cannot  
17 anticipate any of the asserted claims. Among other  
18 things, the RIMS system was not an electronic sourcing  
19 system as defined by the Court's claim construction.  
20 It was used by a customer service representative of a  
21 distributor, not by a prospective purchaser as  
22 required by the Court's claim construction.

23 And this evidence is found in the '989 patent  
24 itself, which is DX 7, and it was also conceded by  
25 defendant's expert, Dr. Shamos, at trial.

1           Furthermore, the system described in the '989  
2 patent lacks multiple sources for items, which is  
3 required by all of the asserted claims.

4           The RIMS system did not include multiple  
5 vendor catalogs as Dr. Shamos himself conceded. The  
6 database in the RIMS system contained only inventory  
7 records and items and it lacked any associated source  
8 related information. And that was shown in table 6 of  
9 the '989 patent.

10           Additionally, the RIMS system lacked any  
11 catalog selection capability since it did not have  
12 catalogs. It also did not include the search program  
13 as required to meet the Court's constructions under  
14 Claim Three of the '683 patent.

15           THE COURT: Didn't they offer evidence to say  
16 otherwise on all those points?

17           MS. ALBERT: Well, the evidence of record --  
18 will, what's required by the Court's construction of  
19 Claim Three of the '683 patent and Claim One of the  
20 '172 patent is that you need to have a search program.  
21 The part number lookup feature described in the RIMS  
22 patent is not a search program. It is a part number  
23 lookup on a specific field in the database. That is  
24 not a search program.

25           THE COURT: Didn't Dr. Shamos say it was?

1 MS. ALBERT: I believe he said it was a part  
2 number lookup. There's a distinction there. It's  
3 undisputed that it's a part number lookup. That's the  
4 way it's described in the patent.

5 And under your construction, you have  
6 described the specific structures that are required to  
7 satisfy that means-plus-function element, and those  
8 specific structures require that there be a search  
9 program.

10 The RIMS system also lacked the capability to  
11 generate purchase orders from requisitions. Purchase  
12 orders were generated by a separate system on a Fisher  
13 mainframe computer, and there was no linkage between  
14 those purchase orders and the requisitions created by  
15 the RIMS system since you required manual intervention  
16 on the part of an employee at the Fisher host location  
17 in order to supply vendor information, for example,  
18 for the purchase orders because there would not be any  
19 vendor information in the requisitions built by the  
20 RIMS system.

21 Additionally, the RIMS system lacked the  
22 capability to provide inventory concerning the  
23 availability of items in external vendors' inventory.  
24 The users of the RIMS system could only check the  
25 internal inventory at the JIT facility or the

1 inventory in the Fisher warehouses. The RIMS system  
2 lacked the capability to convert data about a selected  
3 matching requisition item that was associated with one  
4 source to data about a similar item from a similar  
5 source. Because there was no associated source  
6 related information contained in the requisitions  
7 built by the RIMS system, they simply cannot perform  
8 that function.

9                   With respect to the issue of obviousness  
10 under Section 103, a claimed invention is invalid as  
11 obvious only if it would have been obvious to a person  
12 of ordinary skill in the art of the claimed invention  
13 at the time that the invention was made considering  
14 (1) the scope and content of the prior art relied upon  
15 (2) the differences between each claim and the prior  
16 art (3) the level of ordinary skill in the art at the  
17 time the invention was made, an additional secondary  
18 consideration that indicates that the invention was  
19 not obvious.

20                   When attempting to combine alleged prior art  
21 references, there must be something in the prior art  
22 as a whole to suggest the desirability and therefore  
23 the obviousness of making the combination.

24                   This requirement known as the teaching  
25 suggestion or motivation to combine tests remains one

1 test for analyzing obviousness following the Supreme  
2 Court's decision in *KSR v. Teleflex*.

3 Further, it's often necessary for a court to  
4 look at interrelated teachings of multiple patents,  
5 the effects of demands known to the design community  
6 or present in the marketplace and the background  
7 knowledge possessed by a person of ordinary skill in  
8 the art all in order to determine whether there was an  
9 apparent reason to combine a known element in the  
10 fashion claimed in the patent claims at issue.

11 To facilitate review, the analysis must be  
12 made explicit. An obviousness challenge cannot be  
13 sustained by mere conclusory statements. There must  
14 be some articulated reasoning with some rational  
15 underpinning to support the legal conclusion of  
16 obviousness. And we would suggest that with respect  
17 to J-CON and P.O. Writer combination, J-CON plus  
18 Dworkin and RIMS plus Dworkin, there was no  
19 articulated reasoning in the record to combine those  
20 systems.

21 As to the defendant's assertions that the  
22 RIMS plus TV/2 system rendered obvious all the  
23 asserted claims of the patents-in-suit, no reasonable  
24 jury could find that any of the asserted claims are  
25 rendered obvious by the combination of the RIMS system

1 as disclosed in the '989 patent or in public use or on  
2 sale before August 10, 1994, and TV/2 as described in  
3 a printed publication or in use before August 10 of  
4 1994.

5 The combination of the RIMS system --

6 THE COURT: It's your theory that none of  
7 those things were public?

8 MS. ALBERT: Well, actually, there has been  
9 no evidence adduced that there was any RIMS system  
10 containing all of the functionality as described in  
11 the '989 patent that was ever in public use or on  
12 sale. And in addition, the IBM witnesses candidly  
13 acknowledged that there was no TV/2 system in use  
14 prior to the August 10, 1994 filing date.

15 The first commercial version of TV/2 was the  
16 version that was used in connection with  
17 Fisher-Scientific's electronic sourcing system.

18 THE COURT: What about Ms. Eng? She said  
19 that it was on sale, TV/2, in 1991. How do I deal --  
20 she may be wrong, but isn't that a fact issue for the  
21 jury to decide?

22 MS. ALBERT: She said that IBM would have  
23 made a system for you, but there was no commercial  
24 product available. And there's no corroboration in  
25 the record to support that other than --

1                   THE COURT: Wait a minute. You've got two  
2 different points. One is it didn't happen, that it  
3 was on sale. One is that on sale doesn't mean I'll  
4 make it for you if you ask me. It has to be offered  
5 for sale.

6                   The other is even if it was on sale, the only  
7 evidence of it is her oral testimony of the on sale,  
8 and that that is insufficient as a matter of law, and  
9 there's nothing by way of any documentation or other  
10 testimony to document it.

11                  MS. ALBERT: That's correct.

12                  THE COURT: But didn't Gounaris testify that  
13 it was on sale earlier than a year before 1994?

14                  MS. ALBERT: I think he testified that it was  
15 not on sale prior to --

16                  THE COURT: He refuted Ms. Eng?

17                  MS. ALBERT: I believe when Mr. Robertson  
18 cross-examined him, he'll conceded that it was not --

19                  THE COURT: Do you have his testimony?

20                  MS. ALBERT: I don't happen to have it here,  
21 but we can certainly supply it in our brief.

22                  THE COURT: It's in your brief?

23                  MS. ALBERT: It will be in our briefing, yes.

24                  THE COURT: You didn't file a brief this  
25 morning or last night, did you?

1 MS. ALBERT: No, we have not filed our brief  
2 yet.

3 THE COURT: I told Ms. Haggard not to sleep,  
4 that she's to be here all night to get briefs. And  
5 she didn't show me one. So I thought she disregarded  
6 my request knowing that you all work all night.

7 Okay.

8 MS. ALBERT: I guess the Lawson team was  
9 burning the midnight oil because they got theirs on  
10 file at some wee hour of the morning.

11 In addition, the combination of the RIMS  
12 system and TV/2 was disclosed by the inventors during  
13 prosecution of the patents-in-suit and was considered  
14 by the Patent and Trademark Office prior to the  
15 issuance of the patents-in-suit. Both the RIMS system  
16 and TV/2 were referenced multiple times in the  
17 specification of each of the patents-in-suit, and the  
18 Patent and Trademark Office reviewed that disclosure  
19 and found each of the claims allowable over those  
20 systems.

21 THE COURT: What point is made by that? What  
22 point are you making with that fact?

23 MS. ALBERT: That Lawson cannot meet its  
24 burden of clear and convincing evidence by asserting  
25 the same prior art systems that were already

1 considered by the Patent and Trademark Office.

2 THE COURT: Well, they say that they weren't  
3 disclosed as prior art. Lawson says that the '989  
4 patent wasn't disclosed as prior art because it's not  
5 in the cited reference section on the first page of  
6 the patent, the '683 patent.

7 You're saying it was disclosed and  
8 incorporated by reference because it's mentioned in  
9 the background section of the specification, I  
10 believe, early on.

11 MS. ALBERT: That's correct, Your Honor.

12 THE COURT: What's the law on whether that's  
13 disclosed as prior art or not?

14 MS. ALBERT: I think we tendered a jury  
15 instruction on this issue to Your Honor, but the law  
16 that I have to cite to you would be the Manual of  
17 Patent Examining Procedure of the Patent and Trademark  
18 Office at Section 904.02. And in that section, it  
19 indicates that the examiner must fully consider all  
20 the prior art references cited in the application.

21 So in the application itself and included  
22 those cited by the applicant in a properly submitted  
23 disclosure statement.

24 THE COURT: What is a properly submitted  
25 information disclosure statement?

1 MS. ALBERT: Pardon me?

2 THE COURT: What is a properly submitted  
3 information disclosure statement?

4 MS. ALBERT: The Patent Office has a form. I  
5 forget the form number off the top of my head. But  
6 there's a form that you can use to submit prior art.

7 THE COURT: Was the '989 in one of those?

8 MS. ALBERT: No, the '989 was not disclosed  
9 pursuant to an information disclosure statement, but  
10 it was disclosed in the application itself. And the  
11 Manual of Patent Examining Procedure provides that the  
12 examiner does fully consider all of the prior art  
13 references cited in the application itself, and any  
14 prior art references that are cited additionally by an  
15 applicant pursuant to an information disclosure  
16 statement.

17 THE COURT: Right, but the issue here that  
18 Lawson is contending is that cited in the application  
19 part, not cited in the form part of it the disclosure  
20 form, cited in the application means cited in the --  
21 recited in the cited references which are (A) patents  
22 and (B) other publications. And that since it wasn't  
23 cited, that is, the '989 wasn't cited, it wasn't  
24 considered. Isn't that their argument?

25 MS. ALBERT: That is their argument.

1                   THE COURT: What's the law? Does the law  
2 require that cited in the application means cited in  
3 the cited reference other publications section or can  
4 it be cited anywhere in the application itself?  
5 That's the question.

6                   MS. ALBERT: Yes. I have some cases on point  
7 that do indicate that prior art described in the  
8 specification is expected to be considered by the  
9 examiner. Anywhere in the specification, including in  
10 the background of the invention, including in the  
11 detailed description of the preferred embodiment,  
12 anywhere.

13                  THE COURT: Anywhere between the abstract --  
14 between the title of the patent and the listing of the  
15 we claim language, it's fair game for consideration if  
16 it is properly disclosed?

17                  MS. ALBERT: Correct. The entire  
18 specification is considered to be everything from the  
19 cover page, which includes the title, the name of the  
20 inventors, the reference cited, the drawing figures,  
21 the background of the invention, the abstract, the  
22 summary of the invention, the detailed description and  
23 the claims.

24                  THE COURT: No, not the claims.

25                  MS. ALBERT: Pardon me?

1                   THE COURT: Not the claims.

2                   MS. ALBERT: The claims wouldn't cite a prior  
3 art reference, that's true. And the evidence of  
4 record is that --

5                   THE COURT: What several cases do you have  
6 that say that?

7                   MS. ALBERT: I can cite to you *Polaroid*  
8 *Corporation v. Eastman Kodak Company*, 641 F.Supp 828.  
9 And that's a District of Massachusetts case, 1985. It  
10 was affirmed by the Federal Circuit at 789 F.2d 1556.  
11 Federal Circuit, 1986.

12                  Also I can cite --

13                  THE COURT: 1986?

14                  MS. ALBERT: Correct.

15                  THE COURT: Why was the Federal Circuit  
16 deciding patent cases in 1986? 1987 wasn't it  
17 created?

18                  MS. ALBERT: I think it was created in 1982.  
19 And in that case --

20                  THE COURT: I know it was created earlier  
21 than that, but up until '87, didn't the appeals from  
22 District Courts go to the regional circuits or have I  
23 got date wrong?

24                  MS. ALBERT: I think you may have the date  
25 wrong.

1                   THE COURT: You mean I've erred again?

2                   MR. McDONALD: Right when the Federal Circuit  
3 started doing patent appeals. I think that was '82.

4                   THE COURT: '82. Could they hear all patents  
5 appeals beginning in '82?

6                   MS. ALBERT: I believe so.

7                   THE COURT: All right. I just had the date  
8 wrong.

9                   MS. ALBERT: I can hand up a copy of the  
10 *Polaroid* decision, too, Your Honor.

11                  THE COURT: What happened in 1987? Is that  
12 when the statute changed on venue or was it -- no,  
13 that was later. Well, anyway, it doesn't make any  
14 difference.

15                  MS. ALBERT: I can also cite *Gould v. General*  
16 *Photonics*.

17                  THE COURT: Who?

18                  MS. ALBERT: Gould, G-o-u-l-d --

19                  THE COURT: Do you have a cite?

20                  MS. ALBERT: 534 F.Supp 399. It's a Northern  
21 District of California case dated 1982. And that case  
22 stands for the proposition that to the extent that the  
23 patent contains disclosure -- this was an optically  
24 pumped laser prior art at issue. This subject matter  
25 was discussed as prior art in the specification of the

1   patents-in-suit. And therefore was considered by the  
2   examiner as prior art in issuing the patents-in-suit.  
3   And I can hand up a copy of that case as well.

4                   THE COURT: Thank you.

5                   MS. ALBERT: I can also cite the case of  
6   *Indiana Mills and Manufacturing, Incorporated v.*  
7   *Burrell Industries, Incorporated*, 458 F.Supp 2d 890.  
8   It's a Southern District of Indiana case in 2006. And  
9   it says that despite the fact that the examiner failed  
10   to list them in the appropriate sections of the  
11   prosecution history, the Court presumes that the  
12   examiner considered the Tacota 483 and Yang 550  
13   references because those references were clearly cited  
14   in the specification. And I can hand up a copy of  
15   that.

16                  THE COURT: All right. Thank you. What  
17   else?

18                  MS. ALBERT: All right. I don't know if you  
19   want the MPEP section as well.

20                  THE COURT: Did you all -- I haven't had a  
21   chance to read these. Did you all highlight them so I  
22   can find them?

23                  When you're given a job, why don't you do it  
24   right? Have you forgotten what it's like to do the  
25   hard work in the case?

1                   MR. ROBERTSON: I apologize, Your Honor. I  
2 did highlight the MPEP cite.

3                   THE COURT: Boy, did you get a good start.  
4 Then you went to bed.

5                   MR. ROBERTSON: I can do it during the next  
6 recess, Your Honor.

7                   MS. ALBERT: Furthermore, the RIMS '989  
8 patent is not available to be used in a prior art  
9 combination for purposes of obvious as against Claim  
10 One of the '172 patent under 35 U.S. Code Section  
11 103(c)(1) as a matter of law.

12                  The '989 patent was filed April 2, 1993 and  
13 issued January 27, 1998 and named inventors Johnson  
14 and Momoyer, and was assigned to Fisher-Scientific.  
15 Section 103(c) reads that subject matter developed by  
16 another person which qualifies as prior art only  
17 under -- and the relevant subsection here is  
18 subsection (e) of Section 102 of this title, shall not  
19 preclude patentability under this section where the  
20 subject matter and the claimed invention were at the  
21 time the invention was made owned by the same person  
22 or subject to an obligation of assignment to the same  
23 person.

24                  So here we have the '989 patent, which can  
25 only be prior art under Section 102(e). That patent

1 was assigned to Fisher-Scientific. And the '172  
2 patent was filed on March 22, 2000, and was assigned  
3 to Fisher-Scientific.

4 The '172 patent has an effective filing date  
5 of August 10, 1994. And, therefore, this section  
6 103(c) provides that as a matter of law, the '989  
7 patent, which was commonly assigned at the relevant  
8 time, cannot preclude patentability of any claim of  
9 the '172 patent.

10 THE COURT: '172 or '683?

11 MS. ALBERT: This particular section only  
12 applies to Claim One of the '172 patent. Because the  
13 statute was amended in 1999. So that's the only one  
14 of the three patents that was filed after that  
15 statute.

16 THE COURT: That's under 103(c)?

17 MS. ALBERT: 103(c)(1).

18 So we would submit that Your Honor should  
19 grant judgment as a matter of law with respect to  
20 Lawson's obviousness assertion as against Claim One of  
21 the '172 patent based on the statute itself.

22 THE COURT: Okay.

23 MS. ALBERT: Further, the combination of the  
24 RIMS system and the TV/2 search program lacks several  
25 elements of the asserted claims and therefore cannot

1 render obvious any of the asserted claims.

2 THE COURT: Well, let me ask you something.

3 Is the combo claim barred under 103(c)(2) for the same  
4 reason because one half of the combo is barred under  
5 103(c)?

6 MS. ALBERT: The combination claim as against  
7 Claim One of the '172 patent is barred by Section  
8 103(c)(1) of the statute.

9 THE COURT: So now you're talking about in  
10 addition to that.

11 MS. ALBERT: It says --

12 THE COURT: In addition to that theory, there  
13 are other reasons to bar the combo?

14 MS. ALBERT: Right. Correct. I'm saying  
15 that substantively the combination of the RIMS system  
16 and the TV/2 search program lacks several elements of  
17 the asserted claims and, therefore, does not render  
18 obvious any of the asserted claims.

19 Among other things --

20 THE COURT: Are they alleging that the '989  
21 renders it obvious standing alone because it shows  
22 RIMS plus TV/2?

23 MS. ALBERT: My understanding of Lawson's  
24 contention is that they are contending that the RIMS  
25 system as described in the '989 patent in combination

1 with the two TV/2 brochures renders the claims  
2 obvious.

3 THE COURT: But your 103(c) argument really  
4 only relates to the combination of obviousness.

5 MS. ALBERT: That's correct.

6 THE COURT: It doesn't relate just to the  
7 RIMS -- to the '989. It relates to the combination  
8 because the combination is the '989 RIMS plus TV/2?

9 MS. ALBERT: That's correct.

10 THE COURT: I just wanted to make sure I  
11 understood you right.

12 MS. ALBERT: That is correct. But under  
13 102(e) --

14 THE COURT: Again, we're talking about the  
15 '172, Claim One issue?

16 MS. ALBERT: Correct. But then with respect  
17 to Lawson's contention that the '989 patent in and of  
18 itself renders the claims invalid based upon a theory  
19 of anticipation, it is ePlus' position that under the  
20 statutory section, Section 102(e), that because the  
21 '989 patent is not an invention by another, it cannot  
22 be applied as prior art to invalidate any of the  
23 claims of the three patents-in-suit.

24 THE COURT: You just merged anticipation and  
25 invalidity in that statement.

1 MS. ALBERT: Yes, but one of your questions  
2 related to whether the '989 patent in and of itself  
3 could be used to invalidate any of the claims. So I  
4 was just addressing that it's ePlus' contention that  
5 the '989 patents in and of itself cannot be used as an  
6 invalidating reference because under the statutory  
7 section that's appropriate, Section 102(e), it is not  
8 an invention by another, and, therefore, it does not  
9 constitute prior art.

10 Even if the Court was to find that somehow  
11 Lawson --

12 THE COURT: 103(c)(1) applies because it  
13 wasn't developed by another person and has the common  
14 assignability feature as to '172?

15 MS. ALBERT: That is correct.

16 THE COURT: So it's for both of those  
17 reasons?

18 MS. ALBERT: That's correct.

19 And even if Lawson could clear both of those  
20 statutory hurdles, it's ePlus' position that the  
21 combination of the RIMS system and the TV/2 search  
22 program lacks several elements of the asserted claims  
23 and therefore cannot render obvious any of the  
24 asserted claims.

25 Neither the RIMS system nor TV/2 was an

1 electronic sourcing system. The RIMS system was used  
2 by a customer service representative of a distributor,  
3 not by a prospective buyer as the undisputed evidence  
4 shows. And that is specifically described in the '989  
5 patent itself, and I believe defendant's expert Dr.  
6 Shamos conceded that point.

7 The TV/2 program was simply a document viewer  
8 program, not a procurement system, and that's  
9 described in the TV/2 brochures, DX 105 and DX 107.

10 And neither the RIMS system nor TV/2 included  
11 multiple product catalogs associated with multiple  
12 vendors, and Dr. Shamos, Lawson's own expert, conceded  
13 this point. The RIMS system was a single source  
14 system. And TV/2 was simply a search program.

15 Neither the RIMS system, nor TV/2, included  
16 any capability to convert data about a requisition  
17 item associated with one source to data about a  
18 similar item from a different source. And then TV/2  
19 didn't generate any requisitions at all.

20 The '989 patent discloses that there were no  
21 sources associated with the line items in the  
22 requisitions built by the RIMS system. So the RIMS  
23 system has no capability to convert a requisition line  
24 item associated with a first source to a requisition  
25 line item associated with a second source because the

1 requisition line items were not associated with any  
2 source.

3 Neither the RIMS system, nor TV/2, included  
4 the capability to generate purchase orders from  
5 requisitions. TV/2 did not generate any purchase  
6 orders at all. And the RIMS system as described in  
7 the '989 patent did not generate purchase orders from  
8 data in the requisitions. Rather those purchase  
9 orders that were generated, if at all, were generated  
10 at the distributor's mainframe host computer and  
11 required manual intervention by a purchasing  
12 department employee since the requisitions that were  
13 generated by the RIMS system did not include any  
14 source related data.

15 Neither the RIMS system nor TV/2 included the  
16 capability to determine the availability of a selected  
17 matching requisition item in external vendor  
18 inventory.

19 And with respect to Ms. Hughey's argument  
20 that the patents-in-suit do no more than combine the  
21 prior RIMS system and the prior TV/2 system, it's  
22 undisputed that there were numerous modifications that  
23 were made to integrate the RIMS system and TV/2 in  
24 order to build the patented electronic sourcing  
25 system. We have the inventors' testimony. Dr. Shamos

1 conceded this point as well.

2           Among the modifications made to the RIMS  
3 system were a modification of the user interface in  
4 the RIMS system so that the system could be used by a  
5 prospective customer. The RIMS system was also  
6 modified to accommodate multiple catalog databases  
7 having items associated with vendors. The prior  
8 system did not include that feature.

9           The RIMS system was also modified to enable  
10 the transfer of matching items that were found in  
11 search results to a requisition and purchasing system.  
12 The prior RIMS system did not have catalog databases.  
13 It did not have a search program. It did not have any  
14 interface to transfer results of searches to a  
15 requisition program. There was also the addition of  
16 the capability to the RIMS system to generate multiple  
17 purchase orders from requisitions. The prior RIMS  
18 system, again, did not have the capability to generate  
19 purchase orders from the requisitions but required  
20 manual intervention.

21           There was a modification made to the prior  
22 RIMS system to enable splitting a single requisition  
23 into multiple purchase orders directed to multiple  
24 vendors. The prior RIMS system lacked that  
25 capability.

1           There was a modification made to the prior  
2 RIMS system to enable communication to external vendor  
3 databases to determine the availability of requisition  
4 items in the vendors' inventory.

5           Additionally, there were modifications made  
6 to TV/2. TV/2 did not have the capability to search  
7 catalog databases prior to the IBM personnel's work on  
8 the project for Fisher-Scientific.

9           Additionally, as we heard from Ms. Eng and  
10 the inventors, TV/2 was modified to add the capability  
11 to be able to select catalogs to search. Ms. Eng also  
12 testified that TV/2 was modified during the  
13 Fisher-Scientific project to build the order list that  
14 was required in order to place matching items found in  
15 conducting searches of catalogs.

16           Additionally, TV/2 was modified to build the  
17 interface to accommodate the transfer of data between  
18 the search program and the requisitioning system.  
19 And, I mean, there were many more tasks. I can't  
20 remember them all, so I'm not going to go through them  
21 all.

22           As to the questions concerning secondary  
23 considerations that were raised by Ms. Huey, licensing  
24 itself is a secondary consideration separate and apart  
25 from the secondary consideration of commercial

1 success. And Your Honor has recognized this in the  
2 Court's jury instruction No. 42.

3 So ePlus' licenses are evidence of secondary  
4 considerations of non-obviousness without regard to  
5 whether or not there's evidence of commercial success.  
6 Additionally, Mr. Farber did testify that the industry  
7 had recognized the ePlus products that practiced the  
8 claim invention with several awards. And awards are  
9 evidence of secondary consideration.

10 I think that addresses the points that were  
11 raised by Ms. Huey. Does Your Honor have any  
12 additional questions?

13 THE COURT: She said you can't consider any  
14 licenses because you haven't shown that the licensees  
15 themselves have had success.

16 MS. ALBERT: The success of the licensees is  
17 irrelevant to the question of licensing.

18 THE COURT: It would be pertinent evidence if  
19 it were shown. If I have a license and the only thing  
20 I make is made pursuant to the patent that is licensed  
21 and I am successful, and you introduce that evidence,  
22 that would be probative of the commercial success.

23 MS. ALBERT: Yes, it would.

24 THE COURT: But the failure to introduce that  
25 evidence -- I mean, but that's not the only way you

1 can consider licensing because the fact of licensing  
2 is an indicia of commercial success -- I mean is a  
3 secondary consideration independent of commercial  
4 success.

5 MS. ALBERT: That's correct, Your Honor.

6 THE COURT: Okay. Thank you.

7 MS. ALBERT: Thank you, Your Honor.

8 MS. HUGHEY: Your Honor, I look forward to  
9 briefly addressing the issues that Ms. Albert raised,  
10 but two specific issues that she discussed, one is  
11 this incorporated by references issue, and, two, is  
12 this 102(e) prior art issue. Those are disputed  
13 issues also with respect to the jury instructions.  
14 And I know that we've gotten into them now. So I  
15 request the Court's permission to have Mr. Schultz,  
16 who's much more familiar the incorporation by  
17 reference issue address Ms. Albert's argument on that  
18 point and have Ms. Stoll-DeBell address the 102(e)  
19 issue, and I'll briefly discuss everything else if  
20 that will be acceptable.

21 THE COURT: All right. I don't view this as  
22 an incorporation by reference issue.

23 MR. SCHULTZ: Your Honor, there was a  
24 discussion about adequacy of the disclosure of the  
25 '989 patent and whether it was considered by the

1 Patent Office during Ms. Albert's discussion with the  
2 Court.

3 Your Honor, what I have placed before you is  
4 a section of the MPEP that actually is of the current  
5 standard that it has to be or, excuse me, from the  
6 1998, 7th Edition. The case law that Ms. Albert  
7 provided you was pre-1992. And if I could refer you  
8 to the second page of the MPEP document that I  
9 provided to Your Honor on the right-hand column almost  
10 midway under the first set of highlighting talking  
11 about the effective date of March 16, 1992 of  
12 requiring the disclosure of the cited prior art  
13 references had to be in a particular format and the  
14 information --

15 THE COURT: Where is that you're saying?

16 MR. SCHULTZ: It's on page 2 of document that  
17 I handed you to you.

18 THE COURT: That's the disclosure statement.  
19 That's the second method she was talking about.

20 MR. SCHULTZ: No, Your Honor. The basic  
21 point is if you turn to the last page of the document  
22 of the 609 Manual of Patent Examining Procedure,  
23 left-hand side, to comply with the requirement --

24 THE COURT: Wait a minute. The last page?

25 MR. SCHULTZ: Yes.

1                   THE COURT: It says second.

2                   MR. SCHULTZ: The last page, if you look at  
3 the bottom, it's 600-104.

4                   THE COURT: Yes. And that's under the  
5 section that says "legible copies."

6                   MR. SCHULTZ: No, the left column.

7                   THE COURT: Okay. This is all patent  
8 publications or other information.

9                   MR. SCHULTZ: That's correct. In other  
10 words, where I have it highlighted for Your Honor to  
11 comply with this requirement the list may not be  
12 incorporated into the specification but must be  
13 submitted in a separate paper.

14                  This is required by, if you continue reading,  
15 Form PTO 1449, the information disclosure citation of  
16 PTO, SB 08A and 08B information disclosure statement.  
17 That's the requirement for a patent examiner to say  
18 that the actual reference was considered by the patent  
19 examiner post 1992.

20                  The cases pre-1992 have no relevance because  
21 the patent law that we're talking about is the period  
22 of time post 1992. This is the law that has to be  
23 applied in Section 609 of the MPEP.

24                  Your Honor, I do have some additional  
25 conversation with respect to this issue; however, it's

1 pertinent to the jury instructions.

2 THE COURT: What's the case that you cited?

3 MR. SCHULTZ: Your Honor, the case that I  
4 included with you, it's a case that distinguishes  
5 Section 608. And in the jury instruction that is what  
6 ePlus cites to as Section 608, but that's the patent  
7 examiner search as opposed to disclosure requirements  
8 of the patentee. It goes through and describes that  
9 608 is not applicable to 609. The MPEP section that I  
10 provided to you is applicable. And that is a post  
11 1992 case, Your Honor.

12 THE COURT: I don't understand the  
13 difference. What's the difference that you're talking  
14 about? I'm not following it.

15 MR. SCHULTZ: Section 608 is what the  
16 examiner searches. In order to be found that the  
17 examiner considered a piece of prior art, there's a  
18 procedure that has to be followed by the patentee.  
19 Section 609 describes that procedure. 609  
20 specifically says that if a disclosure of a prior art  
21 reference is included only in the specification, that  
22 is insufficient for a court afterwards to consider  
23 that as the examiner considering that as prior art.

24 That is exactly the issue with respect to the  
25 '989 patent in this case. This is post 1992 law that

1 if the patentee wanted the Patent Office to consider  
2 the '989 patent as prior art, they had to disclose it  
3 in an information disclosure statement on a separate  
4 paper from the specification. They did not.

5 MR. ROBERTSON: What's the cite for that,  
6 sir?

7 THE COURT: Did you give them copies of what  
8 you gave me?

9 MR. SCHULTZ: Your Honor, I did think that I  
10 did give them, however, I may have inadvertently not  
11 given them the case.

12 MR. ROBERTSON: Is it (unintelligible)  
13 Pharmaceuticals?

14 MR. SCHULTZ: That's correct.

15 I actually put that in a brief that I  
16 provided to you that on other grounds.

17 THE COURT: I don't want to hear anything  
18 about it.

19 MS. STOLL-DeBELL: Good morning, Your Honor.

20 THE COURT: Good morning.

21 MS. STOLL-DeBELL: The issue I was going to  
22 address is ePlus' allegation that the RIMS prior art  
23 cannot be considered in an obvious combination because  
24 of what 103(c)(1) says, and I want to read that to  
25 you. I think what they're saying is you can't

1 combining RIMS with TV/2 for the '172 patent because  
2 they were commonly assigned at the time of the  
3 invention.

4 THE COURT: Developed by. It doesn't meet  
5 the developed by another person or owned by or  
6 commonly assigned provision.

7 MS. STOLL-DeBELL: So I think there are two  
8 issues. One is whether the '989 qualifies as prior  
9 art under Section 102(e) because it needs to be  
10 invented by another. So I can address that as well.

11 And then the second issue is whether the RIMS  
12 prior art can be used in combination to show  
13 obviousness under 103. And they say it can't for the  
14 '172 patent because 103(c)(1) says you can't use  
15 102(e) prior art if the 102(e) prior art was owned by  
16 the same person that owned the patents that you're  
17 looking at. And I think neither of those apply.

18 THE COURT: Why weren't they owned by the  
19 person?

20 MS. STOLL-DeBELL: They are. I'm not  
21 disputing that.

22 THE COURT: Why aren't they developed -- why  
23 were they developed by another person?

24 MS. STOLL-DeBELL: Because under Section --

25 THE COURT: I thought there were four

1 inventors on one and two on the other. And two of  
2 them are in common.

3 MS. STOLL-DeBELL: That's right. So when you  
4 look at --

5 THE COURT: In the alternative, they are both  
6 commonly assigned, aren't they?

7 MS. STOLL-DeBELL: Your Honor, the law is an  
8 inventive entity has to be identical under Section  
9 102(e). So even if there are two in common, there are  
10 two that are not. So that's a different entity.

11 THE COURT: Statute 103, is it in the  
12 alternative or instead of and commonly assigned?

13 MS. STOLL-DeBELL: I'm not sure. Are we  
14 talking about Section 103?

15 THE COURT: Listen. I don't have the  
16 statutes in front of me.

17 MS. STOLL-DeBELL: I do.

18 THE COURT: Let me have them.

19 MS. STOLL-DeBELL: Okay.

20 THE COURT: Subsection (c)(1) says, Subject  
21 matter developed by another person qualifies as prior  
22 art only under one or more of subsections (e), (f) and  
23 (g) of Section 102, shall not preclude patentability  
24 under this section where the subject matter and the  
25 claimed invention were at the time the claimed

1 invention was claimed owned by the same person or  
2 subject to an obligation of assignment to the same  
3 person.

4 So your first argument was that they can't  
5 meet the owned by the same person requirement because  
6 there are four inventors of the '683 and two inventors  
7 of the '989, right?

8 MS. STOLL-DeBELL: Well, my argument is that  
9 they were commonly assigned, but they are different  
10 persons under 103 and 102(e).

11 THE COURT: Wait a minute. Let's just stop.  
12 Are you contending that they cannot meet -- the '683  
13 and the '989 do not meet the owned by the same person  
14 requirement of Section (c)(1) because there were two  
15 inventors for the '989 and four inventors for the '683  
16 or I guess it's the '172, 1, is what it is. The '172,  
17 1, and they have to be a virtual identity, and the  
18 fact there are two additional inventors to the '172,  
19 1, keeps these patents from qualifying under at the  
20 owned by same person rule. Are you contending that,  
21 first?

22 MS. STOLL-DeBELL: No, I'm contending they  
23 don't meet the developed by another person part of  
24 that. I do --

25 THE COURT: It doesn't say anything about

1 developed by another person. It says owned.

2 MS. STOLL-DeBELL: You're reading 103(c)(1)?

3 THE COURT: It says owned by the same person.

4 MS. STOLL-DeBELL: It says subject matter  
5 developed by another person. They were developed by  
6 another person. They were owned. And I think my  
7 argument with 103(c)(1), I admit they were owned by  
8 the same person, and that's not my argument. My  
9 argument is the word "only." If the prior art  
10 qualifies only under one or more subsections (e), (f)  
11 and (g). And so this subsection (c)(1) doesn't apply  
12 because RIMS doesn't qualify as prior art only under  
13 102(e).

14 THE COURT: What does it apply under?

15 MS. STOLL-DeBELL: It also qualifies as prior  
16 art under subsections 102(a) known and used before the  
17 invention date. And Section 102(b) on sale or  
18 publicly used more than one year before the filing  
19 date. Therefore, it's not prior art only under  
20 Section 102(e). And Section 103(c)(1) does not apply  
21 in this case.

22 THE COURT: That's the whole thing?

23 MS. STOLL-DeBELL: Yes, Your Honor, and I'm  
24 sorry. I mean, I think it gets a little complicated  
25 getting into these patent statutes, but that's my

1 argument. This doesn't apply because it's not prior  
2 art only under 102(e).

3 THE COURT: If I find that it's not prior art  
4 under 102(a) and (b), then there's no issue here at  
5 all anyway.

6 MS. STOLL-DeBELL: Well, I think --

7 THE COURT: Do you contend that it's prior  
8 art under (e), (f) and (g), in other words?

9 MS. STOLL-DeBELL: The '989 patent is prior  
10 art under Section 102(e).

11 THE COURT: (e)?

12 MS. STOLL-DeBELL: (e).

13 THE COURT: So if I find that it's not prior  
14 art as a matter of law under 102(a) or (b) because the  
15 predicates for those are not proven, that a jury  
16 couldn't find by clear and convincing evidence that  
17 the predicate hasn't been proven, then I have to look  
18 at it under (c)(1) anyway because you contend that the  
19 '989 is prior art under (e)?

20 MS. STOLL-DeBELL: Yes, that's correct except  
21 that I have another argument why this shouldn't apply  
22 in this case.

23 THE COURT: We're not going to hear that  
24 right now. We're going to finish this one and get  
25 intellectually straight on it. Then we can hear the

1       others.

2                 Now, I've framed the issue. So the next  
3 issue is 102(a). Why have you clearly and  
4 convincingly shown that the '989 is prior art under --  
5 why could a reasonable injury find under the clear and  
6 convincing evidence standard that the '989 qualifies  
7 under 102(a)?

8                 MS. STOLL-DeBELL: Well, I think, Your Honor  
9 for, 102(a) and 102(b), I think the analysis is the  
10 same for both of those.

11                 THE COURT: What is it?

12                 MS. STOLL-DeBELL: For one thing, we looked  
13 at the trademark application that was filed for RIMS,  
14 and it said -- and they had a declaration under oath  
15 that RIMS was being used in commerce, and you have to  
16 do that to get a trademark application. That they are  
17 using the RIMS trademark on the RIMS system in  
18 interstate commerce. They are out there selling it.

19                 THE COURT: What date was that?

20                 MS. STOLL-DeBELL: I think it was -- I think  
21 the application was filed in -- it alleges use of  
22 August of '92. When you file a trademark application,  
23 Your Honor, you have to tell the Trademark Office when  
24 you're using it. Because you don't get trademark  
25 rights unless you're actually out there using it.

1 That's the whole point of the trademark. That you're  
2 using it in the public and your building brand  
3 recognition.

4 THE COURT: Using it in the public or using  
5 it?

6 MS. STOLL-DeBELL: Both.

7 THE COURT: It's being commercially used, for  
8 example. RIMS is being commercially used without any  
9 question by Lawson by that time. Some version of  
10 RIMS, right? I mean, by Fisher.

11 MS. STOLL-DeBELL: Absolutely.

12 THE COURT: But we don't know which version.  
13 We just know that some version was being used.

14 MS. STOLL-DeBELL: We know that they  
15 submitted that RIMS brochure with the Trademark  
16 Office, and it was date stamped by the Trademark  
17 Office August of '93.

18 We know that the lawyer for Fisher signed a  
19 declaration with the Trademark Office saying I swear  
20 that we are out there commercially using this brand,  
21 RIMS, for this product as shown in this brochure at  
22 least as early as '92.

23 So that's public. They were out there using  
24 it. Otherwise, they couldn't get a trademark  
25 application. So we have that evidence. We have the

1 inventors talking about their use. We have them going  
2 and --

3 THE COURT: There isn't any question Fisher  
4 was using it commercially. That's how they made their  
5 money.

6 MS. STOLL-DeBELL: That's right.

7 THE COURT: But that's not publicly. That's  
8 private.

9 MS. STOLL-DeBELL: I don't think so. When  
10 you file a trademark application, you say, I'm out  
11 there using it in interstate commerce.

12 THE COURT: The use is private. They are  
13 using it commercially, but they're not selling it to  
14 other people to use, are they?

15 MS. STOLL-DeBELL: Your Honor, that's what  
16 use in commerce is, to get a trademark application.

17 THE COURT: Ms. Stoll-DeBell, I'm talking  
18 about what Fisher said they did with it. As I  
19 understand it, the Fisher system was used by the  
20 Fisher people and a customer service representative  
21 either on-site of the customer or on-site at Fisher.  
22 Isn't that the evidence?

23 MS. STOLL-DeBELL: Well, no, I don't think  
24 so.

25 THE COURT: Where was it used other than

1 that?

2 MS. STOLL-DeBELL: Well, I think they are out  
3 their using it with customers. They are using it in  
4 their business.

5 THE COURT: I'm using it. You and I have an  
6 arrangement. I come to your place and I use it.

7 MR. ROBERTSON: Your Honor, I don't like to  
8 lead you into error. But let me just suggest  
9 something. We would not argue that a RIMS system,  
10 some RIMS system, was in public use, but the real  
11 question is what RIMS system was in public use at the  
12 time. So the public use issue, I just want to put  
13 this aside because I don't want Your Honor to waste  
14 time on that. We'll be addressing that.

15 MS. STOLL-DeBELL: I think that issue,  
16 there's plenty of facts to send to the jury on that.  
17 You had testimony from the three different inventors.  
18 You had the time line there. You had the RIMS  
19 brochure they filed with the Trademark Office, Your  
20 Honor.

21 If you're secretly using something, you don't  
22 go file a federal trademark application for it.

23 THE COURT: What they are using, he said --

24 MS. STOLL-DeBELL: I think the --

25 THE COURT: Is there any proof about what

1 they were using when in this case?

2 MS. STOLL-DeBELL: Yes, I think there is. I  
3 think we saw that the time line.

4 THE COURT: You-all just used the term  
5 "RIMS." And you-all just kept talking about RIMS, but  
6 nowhere did you ever that I can recall specify what  
7 the RIMS system was that was in use at any particular  
8 time, and the evidence is that the RIMS system was  
9 modified over time, from the time it was patented on,  
10 and it never -- and there isn't any dispute that it  
11 was up until 1994, and then when they began that  
12 project with IBM, they even did more modifications.

13 The evidence -- let's just take the evidence  
14 up until 1994 because I don't think the evidence after  
15 1994 addresses itself to the point you're making, does  
16 it?

17 MS. STOLL-DeBELL: No.

18 THE COURT: What was the date of this  
19 application?

20 MS. STOLL-DeBELL: August of '94. I agree  
21 with that. What happened after August of '94 is not  
22 relevant.

23 THE COURT: Is there any evidence that you  
24 know of that the RIMS system was not being modified  
25 constantly from the time up until 1994? I thought all

1 the evidence showed that it was.

2 MS. STOLL-DeBELL: Your Honor, maybe it was  
3 modified, but we have to look at what do these claims  
4 call for. The claims call for catalogs. They call  
5 for searching catalogs. Selecting catalogs to search  
6 a requisition and purchase order. Okay. In the  
7 simplest claim. So whether the interface was modified  
8 and there was graphical user interface, all of these  
9 things they talked about, how fast it searched, none  
10 of that matters to what is claimed.

11 And if you go look at that RIMS brochure  
12 which has a date of at least as early as 1993, it has  
13 all of those things. It says it had catalogs. It  
14 said it applied to multiple different vendor. It said  
15 you could search. It said it built requisitions. It  
16 said it built multiple purchase orders.

17 So all this other stuff that we heard  
18 evidence on is not relevant. All we have to show is  
19 were the claimed elements present in RIMS before  
20 August of 1994. And there is absolutely evidence of  
21 that. There's evidence in the RIMS brochure alone.  
22 There's evidence in the time line that Mr. McDonald  
23 put up with -- I think it was Mr. Momyer. Sorry. Mr.  
24 Kinross. I think I was out of the court that day,  
25 Your Honor, working on Dr. Shamos' slides. But

1 there's plenty of evidence for these fundamental  
2 features and these claims.

3 These claims are very broad and they are at a  
4 very high level. They don't say searching at a  
5 specific speed. They don't talk about something about  
6 some footer bar. None of that is in the claims. And  
7 it doesn't matter.

8 THE COURT: Okay.

9 MS. STOLL-DeBELL: Now, the other thing I  
10 wanted to address quickly is I think Ms. Albert  
11 said -- well, we're going back to the 103(c) issue and  
12 whether you can use it in combination. That should be  
13 precluded in this case under Rule 37. That was not a  
14 theory disclosed in ePlus' contention interrogatories.

15 We served them with interrogatories asking  
16 they specify their contentions to rebut our invalidity  
17 contentions, and they gave it to us. They  
18 supplemented it. It's 20 pages long. Never did they  
19 say that you can't use RIMS in combination with TV/2  
20 because of Section 103(c)(1), and it's too late to do  
21 it now, Your Honor.

22 In the original injury instructions that we  
23 submitted in this case, and I believe there were a  
24 couple of sets, we went back and forth for weeks,  
25 meet-and-confer, we had phone calls, we exchanged

1    drafts, red line objections. It wasn't in there, Your  
2    Honor. They didn't rely on Section 103(c)(1). They  
3    didn't say you can't use RIMS in combination with TV/2  
4    for the '172 patent. And they should not be able to  
5    do so now. They should have put it in their  
6    interrogatories responses. They should have -- I  
7    mean, even had they put it in the jury instructions,  
8    it was too late. They needed to do it in response to  
9    interrogatories during discovery.

10           THE COURT: All right. Thank you.

11           MS. STOLL-DeBELL: We've been precluded from  
12   a number of things for not having it in our  
13   interrogatories, and they need to live by the same  
14   rules that we have lived by.

15           THE COURT: I agree with that.

16           MS. STOLL-DeBELL: The last issue I wanted to  
17   address -- sorry, Rachel -- is I think Ms. Albert said  
18   that she doesn't think that the RIMS patent qualifies  
19   as prior art under Section 102(e) because two  
20   inventors are in common. That's not law, Your Honor.  
21   If there's any difference in the inventors at all,  
22   even if two are in common, if one is different, it's a  
23   different inventive entity under Section 102(e), and I  
24   have a cite for that.

25           THE COURT: What is that cite?

1 MS. STOLL-DeBELL: I lost it now. It's  
2 Manual of Patent Examining Procedure, Section 2136.04.

3 THE COURT: What?

4 MS. STOLL-DeBELL: 2136.04. And I'll get a  
5 copy of that over. I assume we're going to take a  
6 break now. I'll get a copy for everybody for that.  
7 But it's very clear in patent law, 102(e) has to be  
8 identical. Every inventor has to be identical.

9 THE COURT: Identical.

10 MS. STOLL-DeBELL: Identical. Any  
11 difference, different inventive entity under Section  
12 102(e). Black letter patent law, Your Honor. Thank  
13 you.

14 THE COURT: Okay. I want to hear the other  
15 side of this. Excuse me.

16 MS. HUGHEY: I was going to ask if that's  
17 what you wanted.

18 THE COURT: Thank you. I didn't mean to be  
19 rude.

20 MS. ALBERT: Can I make just a few points I'd  
21 like to address?

22 THE COURT: Yes. Come on. That's what I was  
23 trying to accomplish before we all die of hunger.

24 MS. ALBERT: All right. First of all.

25 THE COURT: Let's take the 102(e) identical

1 argument.

2 MS. ALBERT: With respect to 102(e), I would  
3 concede, Your Honor, that there is some split in the  
4 cases that have analyzed that section.

5 THE COURT: What about the Federal Circuit?  
6 Is there a split there, too?

7 MS. STOLL-DeBELL: Your Honor, I actually  
8 have a copy.

9 THE COURT: Give it to her and give it to me.  
10 Or is that another one of these rare documents that  
11 has only one copy?

12 MS. ALBERT: I do have a Federal Circuit case  
13 to cite, *Riverwood International Corporation v. Jones*  
14 *and Company*, 324 F.3d 1346.

15 THE COURT: 324 F.3d. --

16 MS. ALBERT: 1346.

17 THE COURT: What does that hold?

18 MS. ALBERT: Well, in that case, the Federal  
19 Circuit vacated the holding of invalidity by the  
20 District Court based on the fact that the invalidating  
21 prior art was not an invention by another under  
22 Section 102(e), and in that case there were  
23 differences between the inventive entities with  
24 respect to the prior art and the patent-in-suit. And  
25 the Court held that what is significant is whether the

1 portions of the reference relied on as prior art and  
2 the subject matter of the claims in question represent  
3 the work of a common inventive entity.

4 THE COURT: So you measure commonality by  
5 measuring the inventors of the '989 patent, RIMS, with  
6 the '172 patent part that deals with RIMS?

7 MS. ALBERT: Right. Correct. And I can --

8 THE COURT: Is that what you're saying?

9 MS. ALBERT: Yes. I have a copy of that  
10 decision.

11 THE COURT: I had a case one time where the  
12 issue was whether there was a shred day. I'm about  
13 ready to need a shred day up here.

14 Does that take care of that issue?

15 MS. ALBERT: Well, with respect to the  
16 question that Ms. Stoll-DeBell just raised about not  
17 putting them on notice of this Section 103  
18 contention --

19 THE COURT: We're going back do that now.

20 MS. ALBERT: We do have in the final pretrial  
21 order, paragraph 67, we ePlus set forth its triable  
22 issue that the '989 patent at the time the '172  
23 application was filed was owned by the same person as  
24 the owner of the rights to the '172 patent  
25 application, Fisher-Scientific. Accordingly, the '989

1 patent cannot be used as part of a combination to  
2 invalidate Claim One 1 of the '172 patent under  
3 Section 103.

4 THE COURT: Well, let's go back to the  
5 beginning. Did you ever supplement your interrogatory  
6 answers other than by what we put in the triable  
7 issues section?

8 MS. ALBERT: I'm not sure about the  
9 interrogatories, but, Your Honor, as a matter of law  
10 under the statute --

11 THE COURT: Under what statute?

12 MS. ALBERT: Section 103(c) of the '989  
13 patent cannot be used as part of a combination to  
14 invalidate the claims of the '172 patent. Of course,  
15 we didn't tender a jury instruction on it because it  
16 is a pure question of law. So, therefore, it's not a  
17 question appropriate for the jury.

18 Now, with respect to this argument about the  
19 common inventive entity, Section 103(c) is written in  
20 the alternative. So the question is we're not  
21 necessarily relying on the common inventive entity  
22 prong of that statute. We're saying simply because  
23 the invention of the '989 patent and the invention of  
24 the '172 patent were commonly assigned at the relevant  
25 time, that is sufficient to find that the '989 patent

1 cannot be asserted as part of a prior art combination  
2 under Section 103.

3 THE COURT: Well, now, she says that you  
4 can't even rely on Section (c)(1) because (a) even if  
5 you win under the developed by another person rule  
6 under *Riverwood*, that the subject matter does not  
7 qualify as prior art only under 102(e), (f) and (g).  
8 That it qualifies under 102(a) and (b) as well.

9 MS. ALBERT: The '989 patent was not public  
10 until 1998, therefore the only section of 102 that  
11 applies to the '989 patent is Section 102(e). That's  
12 the only section that's relevant under the statute.  
13 And Lawson itself in its triable issues contends that  
14 the '989 patent -- this is at paragraph 30. The '989  
15 patent is prior art to the patents-in-suit at least  
16 under 35 U.S. Code Section 102(e).

17 And there is no evidence. There's an absence  
18 of evidence that there was any system in public use  
19 having all of the features that were described in the  
20 '989 patent. There is no evidence. They brought  
21 forth no system out there in the public domain prior  
22 to 1994 that had all of the features stated in the  
23 '989 patent.

24 THE COURT: Okay.

25 MS. ALBERT: As far as the evidence put on by

1 their expert, the only prior art relied upon by Dr.  
2 Shamos was the '989 patent. Dr. Shamos did not put  
3 forth any obviousness allegations with respect to any  
4 other prior art other than the '989 patent. He didn't  
5 contend that the RIMS brochure could be applied and  
6 you could find each and every element of the claim  
7 simply by virtue of the RIMS brochure. There is no  
8 evidence of that.

9 So you know the '989 patent in and of itself  
10 only qualifies as prior art under Section 102(e) if at  
11 all. And, therefore, under Section 103(c)(1) because  
12 it was commonly assigned at the relevant time with the  
13 assignee of the '172 patent, it cannot be applied in a  
14 Section 103 combination to invalidate the '172 patent.

15 Going back to the issues raised by  
16 Mr. Schultz, he raised --

17 THE COURT: Wait a minute. I just need to  
18 get something organized here. Okay. I need to have  
19 this information. I got it.

20 MS. ALBERT: Going back to the issue raised  
21 by Mr. Schultz --

22 THE COURT: All of this that we've been  
23 discussing so far in your presentation relates only to  
24 the '172 Claim, One.

25 MS. ALBERT: The 103(c), that relates only to

1 the Claim One of the '172 patent.

2 THE COURT: Okay.

3 MS. ALBERT: With respect to the issue raised  
4 by Mr. Schultz concerning disclosure of the '989  
5 patent in this specification.

6 THE COURT: Those regulations seem to say  
7 what he says, don't they?

8 MS. ALBERT: Well, the information disclosure  
9 statement and the format of an information disclosure  
10 statement is irrelevant. It's a red herring. Our  
11 point is that under the case law and under the Manual  
12 of Patent Examining Procedure, it's fully acceptable  
13 to disclose a prior art reference by virtue of citing  
14 it in the patent specification itself.

15 I would agree with Mr. Schultz that --

16 THE COURT: This doesn't fit the bill -- if  
17 you were offering it under an information disclosure  
18 statement, it wouldn't fly, right?

19 MS. ALBERT: I would agree with Mr. Schultz  
20 that if we were contending that the information  
21 disclosure statement requirement was satisfied by  
22 virtue of citing the patent in the specification, that  
23 would not meet the required format for an information  
24 disclosure statement.

25 THE COURT: So your point here is that the

1 section on which he relied relates only to the  
2 information disclosure section, and that the prior law  
3 governs because you're not proceeding in that fashion,  
4 right?

5 MS. ALBERT: That's correct. We're saying  
6 that it's fully acceptable to disclose a prior art  
7 reference by virtue of citing it in the patent  
8 specification itself, and the examiner is required to  
9 consider it if it's cited anywhere in the patent  
10 specification.

11 THE COURT: All right.

12 MS. ALBERT: Thank you.

13 THE COURT: Mr. Schultz, I believe this is  
14 your motion on this point. You have the last right --  
15 I hope that's not what we have is the last rites. You  
16 have the right of last reply. Although let's make  
17 this the last rite on this issue.

18 How about that?

19 MR. SCHULTZ: Sure.

20 THE COURT: She says, and it looks to me like  
21 she's correct, in looking at the regulation you gave  
22 me, the whole topic is information disclosure  
23 statement, and throughout it in places even where you  
24 didn't highlight it there's a lot of discussion that  
25 what we're talking about is information disclosure

1 statement. She's not relying on the information  
2 disclosure statement. She agrees that if they were  
3 relying on that, you would win. But you don't, and  
4 the prior law allows what's considered anywhere in the  
5 patent.

6 Why isn't that right?

7 MR. SCHULTZ: Two things, Your Honor. In  
8 1992, the patent law changed the way that the prior  
9 art references were designed to be considered. In  
10 other words, for a prior art reference to actually be  
11 considered by the patent examiner, it had to --

12 THE COURT: Where does your authority say  
13 that?

14 MR. SCHULTZ: It's in 609.

15 THE COURT: No, it isn't.

16 MR. SCHULTZ: It's also in the CFR. CFR  
17 Sections 1.97 and 1.98.

18 THE COURT: Is it in what you gave me?

19 MR. SCHULTZ: It references those sections,  
20 Your Honor.

21 THE COURT: But you didn't give that to me.  
22 I can't be charged with dealing with these arguments  
23 that you have by sections you don't give me because I  
24 have to read them. Now, what you gave me deals only  
25 with the disclosure statement. And now you're saying

1 there's some other provision of law. Where is the law  
2 that you're talking about, Mr. Schultz? I don't have  
3 it and I need to read it.

4 MR. SCHULTZ: You don't have that, Your  
5 Honor. I did not submit that to you.

6 THE COURT: Then I'm not going to consider  
7 it. I have to bring an end to this somewhere.

8 MR. SCHULTZ: Your Honor, the other issue  
9 with respect to this whole thing --

10 THE COURT: Besides that, it's silly. It's  
11 utterly silly to suggest -- I mean, what is this? A  
12 rule for convenience for the patent examiners? Is  
13 that what this is? These people can't read for some  
14 reason. They are told in spades if you can't figure  
15 out that a prior art is involved with a '989, you  
16 ought not have that job, for Lord's sake. It's not  
17 mentioned but 50 times in there.

18 That rule, it doesn't make any sense. So I  
19 can't believe that you're uncited provision of the law  
20 changes the preexisting law that I have seen on it.

21 MR. SCHULTZ: Well, two things, Your Honor.

22 THE COURT: Do you have that law that you're  
23 relying on that says this changes the world? Let me  
24 have it.

25 MS. STOLL-DeBELL: I don't have it here.

1                   THE COURT: Why wouldn't you think that was  
2 the most important thing in the argument?

3                   MR. SCHULTZ: Because 609 cites to that law  
4 and it describes what it is.

5                   THE COURT: You know what? That an a nickel  
6 will get you a Coke. I've got to see the real law.

7                   MR. SCHULTZ: Section 609 further describes  
8 the public policy behind having the applicant actually  
9 provide a separate list as opposed to including it in  
10 the specification. 600-604 in 609 of the Manual of  
11 Patent Examining Procedure goes through the public  
12 policy behind that.

13                  THE COURT: What is the public policy? To  
14 make it easier for the patent examiner so he doesn't  
15 have to think?

16                  MR. SCHULTZ: That is part of the public  
17 policy, Your Honor.

18                  THE COURT: The public policy, seems to me --  
19 where does it say that in what you cited? Where does  
20 it say that?

21                  MR. SCHULTZ: It's on page 600-104, left  
22 column, and it's highlighted.

23                  THE COURT: Yeah, but it's talking about the  
24 disclosure statement. You have got to come to the  
25 party, Mr. Schultz. That text that you're citing

1 relates to the disclosure statement. And I understand  
2 that, but that doesn't say that the prior law is  
3 abrogated.

4 MR. SCHULTZ: There is no other section that  
5 provides that the patent examiner just by including it  
6 in the patent specification will review the law.

7 Furthermore, ePlus does not actually dispute  
8 that the '989 is prior art. Why wouldn't the patent  
9 examiner also think that same theory? The patent  
10 examiner did not include the '989 patent.

11 THE COURT: The patent examiner actually  
12 looked at all this. He actually annotated -- there's  
13 evidence in the record that he even changed the  
14 application to the actual issued patent. Clearly, the  
15 guy or lady looked at, whoever it was.

16 I've heard enough. If you have the 608 part  
17 that says what you say, I'll look at that. Otherwise,  
18 I read this and it talks about the disclosure  
19 statement. And I'm going on with life.

20 MR. SCHULTZ: Okay. Your Honor, I'd just  
21 also say that we filed a brief --

22 THE COURT: Go get me this law that you're  
23 talking about. You know, you-all file briefs at  
24 midnight. I don't work 24 hours a day. If I got paid  
25 what you all did, I might do it, although I didn't. I

1 only worked 18. Come one. Let's go.

2 Go get me if law and I'll look at it.

3 MR. ROBERTSON: I simply observed, Your  
4 Honor, the MPEP sections that you have that they have  
5 provided you and we provided you come from the same  
6 edition. The 1998 version. So that section says that  
7 they read the application, and if it has the prior  
8 art, they must consider it. That's from the same MPEP  
9 that Mr. Schultz is relying on.

10 THE COURT: And it seems to me that the basic  
11 rule is you read these things together so that they  
12 make sense, and one provision doesn't gut the other  
13 provision, and that's a standard rule of  
14 interpretation that is generally to be followed. And  
15 the other thing is the rule of reason.

16 I just don't believe that just to make the  
17 job easier for a patent examiner, they clearly  
18 disclosed information that is clearly considered by a  
19 patent examiner can't be taken into account in  
20 assessing things. That would make the Patent Office  
21 exercise almost absurd. And we can't construe  
22 regulations as absurd. We just can't do that.

23 MR. McDONALD: Your Honor, I'd also note for  
24 the record, I know the reexams aren't before the jury,  
25 but the Patent Office on reexam for each of the three

1    patents specifically said that this '989 patent  
2    presented a substantial new question of patentability  
3    because it wasn't a fact not considered.

4           I do think it's very unfair to do anything  
5    that would portray to the jury that the Patent Office  
6    must have considered it. I know the reexam isn't  
7    coming in, but when it's actually directly contrary to  
8    the Patent Office's findings, and we agreed back at  
9    the motions in limine, I just think that would be very  
10   unfair.

11           THE COURT: You know, you can deal with the  
12    reexamination procedure in whatever way you want to in  
13    the instructions, but that's not before me now.

14           MS. HUGHEY: Your Honor, I don't want to beat  
15    a dead horse, but can I have one moment to wrap up  
16    before we close this?

17           MS. STOLL-DeBELL: I have one short thing.

18           The 102(e) issue that Ms. Albert raised with  
19    that *Riverwood* case, I wanted to explain -- and I  
20    actually -- I want to explain what's going on with  
21    that, Your Honor.

22           Each claim may have different inventors. And  
23    so you have the inventors on a patent, and it would be  
24    all the inventors that may apply to all the claims.  
25    But you do look at inventorship on a claim by claim

1 basis. So it's possible you may look at one of the  
2 asserted claims in this case, and maybe only two of  
3 the inventors invented that particular claimed  
4 invention.

5 And so I think that's what that case is  
6 talking about is, you know, you have to look at it  
7 claim by claim. But for 102(e) claim by claim it has  
8 to be identical. Even if two are in common, you have  
9 two more, that's not the same inventive entity for  
10 Section 102(e).

11 And in this case, we have no idea which of  
12 the four inventors invented which portions of which  
13 asserted claims. There's no evidence in this case of  
14 that. And so the exception --

15 THE COURT: Momyer and Kinross both said that  
16 Momyer focused on the RIMS part of it. He said that  
17 was his job. In fact, Mr. Kinross in dealing with the  
18 line item, or what do you call it, the time line, said  
19 he didn't really have anything to do with the RIMS  
20 part of it, that we really have to ask Mr. Momyer what  
21 all that meant.

22 Momyer was one of the inventors on the '989,  
23 wasn't he?

24 MS. STOLL-DeBELL: Right. So you would have  
25 to say --

1                   THE COURT: Was it Kinross and Momyer?

2                   MS. STOLL-DeBELL: No, I think it was Momyer  
3 and Johnson that were on the '989. Then you had Mr.  
4 Kinross added to the patents-in-suit, and someone else  
5 whose name escapes me.

6                   THE COURT: Melly.

7                   MS. STOLL-DeBELL: So for 102(e) to not apply  
8 this case, they would have to show that it was only  
9 Momyer and Johnson that invented all of the asserted  
10 claims in this case, and I think to the extent there  
11 is any testimony on this at all, Mr. Kinross was  
12 involved.

13                  And the addition of Mr. Kinross makes it a  
14 different inventive entity for 102(e), and so  
15 therefore we can use that in this case.

16                  THE COURT: All right. Okay.

17                  MS. STOLL-DeBELL: Thank you.

18                  THE COURT: I understand your argument.

19                  MS. STOLL-DeBELL: Thank you.

20                  MS. HUGHEY: Very briefly, Your Honor, just  
21 to address some of the issues that Ms. Albert raised  
22 with respect to the judgment as a matter of law issue.

23                  She's seeking judgment as a matter of law of  
24 no written description, enablement, claims that aren't  
25 in the case anymore. And the Court has -- I think you

1 recognized when I wanted to move for judgment as a  
2 matter of law on unasserted claims that might not  
3 cover certain products, you said, If it's not in  
4 dispute, if they aren't contending it, there's no  
5 judgment as a matter of law.

6 That's the same exact thing here. There are  
7 lots of defenses that Lawson could have raised but did  
8 not.

9 THE COURT: The difference, I think here,  
10 is -- I'm trying to recall that point. The difference  
11 is that here you actually went into the trial pursuant  
12 to the final pretrial order on these issues, and they  
13 were issues as to which you had the burden of proof,  
14 and you had to offer evidence on, and if you didn't,  
15 you lose as a matter of law because you didn't offer  
16 any proof on them, not because they were abandoned  
17 before the case went to the jury.

18 I have to tell you, I don't remember what  
19 you're talking about. Can you help me a little bit  
20 more?

21 MS. HUGHEY: Yes, Your Honor. So ePlus has  
22 accused the (unintelligible).

23 THE COURT: What?

24 MS. HUGHEY: The products. The EDI. The  
25 five accused systems of infringing. And the pretrial

1 order, it was all systems accused of infringing, all  
2 claims.

3 When Dr. Weaver was on the stand, he was very  
4 specific; 2, 3 and 5. And so at the end, I said,  
5 Well, for those, 1 and 4, that aren't accused of  
6 infringing anymore even though they were through the  
7 beginning of trial, and they must have been abandoned,  
8 I'd like judgment as a matter of law.

9 MR. ROBERTSON: Mr. Momoyer define the  
10 systems. In fact, those are the only five systems  
11 that are at issue here.

12 THE COURT: But that's not the argument that  
13 she's making. Let her finish.

14 MR. ROBERTSON: I'm sorry.

15 MS. HUGHEY: The point is, Your Honor said  
16 that, well, if they didn't assert infringement on all  
17 those systems, there's no need to grant judgment as a  
18 matter of law, which makes sense to me because they  
19 didn't prove that they weren't --

20 THE COURT: But you're saying they came into  
21 the case just like you did.

22 MS. HUGHEY: Correct.

23 THE COURT: They were asserting a theory of  
24 infringement. I should have granted judgments as a  
25 matter of law on those infringements.

1 MS. HUGHEY: I actually agreed with Your  
2 Honor at that time that it didn't make sense.

3 THE COURT: I know that if you were wrong and  
4 I was wrong, we ought to straighten it out.

5 MS. HUGHEY: Yes, that's right. I suppose  
6 the point is, Your Honor, I don't believe that ePlus  
7 is entitled to judgment as a matter of law on written  
8 description or enablement because those aren't defense  
9 that we even raised at trial; however, if it's Your  
10 Honor's position that a defense that was at some point  
11 in the case and not dropped before trial can then have  
12 a judgment as a matter of law granted against it, then  
13 the same should apply to Lawson and we're entitled to  
14 judgment as a matter of law on all those other claims.

15 THE COURT: I think you're right about that.

16 MS. HUGHEY: Okay. To make that record  
17 clear.

18 The second point, Ms. Albert raised the 112,  
19 paragraph 6, and paragraph 2 on 101, issues of law.  
20 The enablement issue of law and statutory subject  
21 matter issue of law.

22 I agree with Ms. Albert. That's an issue for  
23 the Court to decide. Lawson moved for summary  
24 judgment on those pure issues of law.

25 THE COURT: And I denied it.

1 MS. HUGHEY: That summary judgment was  
2 denied. It's my understanding that that issue is now  
3 preserved for appeal and that Your Honor doesn't have  
4 to rerule on it, but just to make the record clear,  
5 Lawson again moves for judgment as a matter of law on  
6 the 112, paragraph 6, and 101 claims.

7 THE COURT: How can you do that?

8 MS. HUGHEY: Your Honor --

9 THE COURT: You didn't try them.

10 MS. HUGHEY: We did not try them.

11 THE COURT: You relied for better or for  
12 worse on the summary judgment decision.

13 MS. HUGHEY: Correct.

14 THE COURT: And your appeal point is that the  
15 Court erred in failing to grant summary judgment.

16 MS. HUGHEY: Correct, Your Honor.

17 THE COURT: That's where the matter stays.  
18 There's no judgment to be obtained on that at this  
19 juncture, I don't think.

20 Now that was with respect to what issue?

21 MS. HUGHEY: 112, paragraph 2 and 6,  
22 enablement issue, and the 101 statutory subject matter  
23 issue.

24 THE COURT: You mean the patentability issue?

25 MS. HUGHEY: Correct, Your Honor.

1           THE COURT: 112, six and what?

2           MS. HUGHEY: Paragraph 2 and paragraph 6.

3           THE COURT: And 2 is indefiniteness, right?

4           MS. HUGHEY: That is indefiniteness, Your  
5 Honor.

6           THE COURT: And 6 is enablement, right?

7           MS. HUGHEY: I'm sorry, Your Honor. The 112,  
8 paragraph 2, is --

9           THE COURT: You-all quit using patent terms.  
10 I don't have the statutes up here, and I don't have  
11 them committed to memory like you-all do. And I have  
12 so much else going on up here, that I need to know  
13 what you're talking about. I use the short form  
14 references to trigger my memory.

15           MS. HUGHEY: I'm sorry, Your Honor. I'm just  
16 trying to make sure I'm very clear. 112, paragraph 2  
17 and paragraph 6.

18           THE COURT: Let's take 112, paragraph 2.  
19 What are you talking about? What is that one?

20           MS. HUGHEY: Indefiniteness. I'm sorry, Your  
21 Honor. I was having a moment. 112, paragraph 2 is  
22 indefiniteness.

23           THE COURT: And six is what?

24           MS. HUGHEY: Also indefiniteness. They go  
25 together.

1                   THE COURT: All right. And those have  
2 already been decided in the motion for summary  
3 judgment, right?

4                   MS. HUGHEY: Correct.

5                   THE COURT: So I don't need to address those.

6                   MS. HUGHEY: That's any understanding.

7                   THE COURT: And then the 101 is the issue of  
8 patentability, which is the subject matter or, i.e.,  
9 the Bilski issue, and I erred as a matter of law in  
10 failing to grant the summary judgment on that, right?

11                  MS. HUGHEY: Correct.

12                  THE COURT: And that's where it lies because  
13 it never came into trial one way or the other?

14                  MS. HUGHEY: Correct.

15                  THE COURT: I don't need to deal with that  
16 either.

17                  MS. HUGHEY: Okay. And I think the issues  
18 have been fully raised, but just for the record I  
19 disagree with Ms. Albert. Dr. Shamos explained every  
20 element.

21                  THE COURT: You disagree with Ms. Albert on  
22 general principles on everything she said.

23                  MS. HUGHEY: Correct, Your Honor.

24                  If you have any questions, I'm happy to  
25 answer them.

1                   THE COURT: Thank you. I don't.

2                   All right. I've got an injunction, and it's  
3 a sealed hearing, so you can't come in, at 2 o'clock.  
4 It shouldn't take half an hour. And I'll see you-all  
5 at about 2:30 for instructions.

6                   MR. ROBERTSON: Your Honor, could I just --

7                   THE COURT: The court reporter may kill you  
8 or me, I'm not sure. I'm going to send her to you  
9 first.

10                  MR. ROBERTSON: Just one thing to tell the  
11 Court. EPlus withdraws its claim for willful  
12 infringement.

13                  THE COURT: Then it's taken care of. Thank  
14 you. We'll be in recess.

15                  (Luncheon recess taken.)

16

17

18

19

20

21

22

23

24

25